

COMPANIES - INTERNATIONAL
Companies warned on social reports.

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A group of influential investors has warned 78 listed companies that they are breaching pledges to a United Nations agreement on society and the environment by failing to publish progress reports.

The investors, led by Morley Fund Management in the UK, have also praised a smaller group of mostly European companies for "notable" performance under the UN Global Compact.

The compact commits companies to principles on human rights, labour standards, the environment and corruption, with the aim of improving the "social legitimacy" of businesses.

According to the UN database of compliance, 904 companies - the bulk of them from emerging markets - have failed to produce the updates required by the scheme.

The investor group - which runs more than Dollars 2,130bn in total - has written to the chief executives of the biggest listed companies whose reports are late, urging them to comply.

On the UN list of overdue companies are Premier Oil and Standard Chartered of the UK; Luxembourg's ArcelorMittal; Caisses d'Epargne, Hermes and Bouygues Telecom of France; Portugal's Banco Espirito Santo; the Sao Paulo, Jakarta and Istanbul stock exchanges; car hire group Europcar, and Edelman, the US public relations firm.

Steve Waygood, head of engagement at Morley, said the scheme was a valuable addition to global corporate governance and helped investors.

"We want to help protect the credibility of the Global Compact, which suffers when companies free-ride on the good work of others," he said.

Premier said it planned to produce a comprehensive sustainability report in three months which would exceed the UN requirements, and it was only a "technical" breach of the agreement.

ArcelorMittal said its corporate and social responsibility report had been delayed by its merger, and would be published this week. The Global Compact was launched in mid-2000 with the support of many of the world's biggest multinationals as part of an effort by Kofi Annan, then-UN general secretary, to head off criticism of globalisation.

However, it was immediately plunged into controversy when campaign groups accused the UN of creating a toothless code with no enforcement mechanism. It is this, in part, that the investors hope to address by pressing for compliance.

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